CITY COUNCIL BUDGET WORKSHOP
APRIL 8, 2014 – 4:00 PM
COUNCIL CHAMBERS
GEORGETOWN, SOUTH CAROLINA

1. CALL TO ORDER

Notice of this meeting has been made in accordance with the 1976 Code of Laws of South Carolina Freedom of Information Act.

MEMBERS PRESENT
Mayor Jack M. Scoville, Jr.
Council Member Brendon M. Barber, Sr.
Council Member Rudolph A. Bradley
Council Member Carol R. Jayroe
Council Member Edward S. Kimbrough, Jr.
Council Member Clarence C. Smalls
Mayor Pro Tempore Peggy P. Wayne

ALSO PRESENT
Mr. Chris Carter, City Administrator
Ms. Ann U. Mercer, City Clerk
Mrs. Debra Bivens, Finance Director
Chief Paul Gardner, Georgetown Police Department
Mr. Rick Martin, Building Official/Zoning Administrator
Chief Joey Tanner, Georgetown Fire Department

MEDIA
Georgetown Times - Ms. Eileen Keithly
WGTN/WLMC - Mr. Rod Stalvey

2. ANNOUNCEMENT CONCERNING ELECTRONIC DEVICES

Mayor Jack M. Scoville, Jr. called the City Council Budget Workshop to order at 4:00 PM and requested all cell phones or electronic devices be turned off or placed on mute.

3. BUDGET PRESENTATION - CHRIS CARTER

Mr. Carter thanked Mrs. Debra Bivens for her hard work in assisting him with the preparations for the meeting. He reviewed a 30-slide 2014/2015 proposed budget presentation which included a $5.4 million increase. The current year's budget is $31,071,960 and the recommended proposed budget is $36,482,092 with most of the increase allocated to capital projects. Mr. Carter stated 14/15 is a highly intensive capital projects year. The capital budget was $3.6 million in 2012/2013; $4.3 million in 2013/2014 and $9.0 million proposed for 2014/2015.

In reviewing the fund balance restricted earnings analysis he explained using fund balance is living on prior year's savings and retained earnings is living on prior year's revenues over expenditures. The proposed budget uses fund balance in the General Fund, the Water Fund, the Wastewater Fund and the Electric Fund. The proposed budget is heavily predicated with the notion that a Capital Reserve Fund will be established to set aside money for key future capital improvements to the City.

Criteria for the Administrator's recommendations include a minimal increase in revenues, realistic revenue projections and minimal use of fund balances and retained earnings. Secondly, maintain current level of service and include capital items that Council showed the most interest in at the January retreat. The current budget operating expenses are 55%, personnel 31% and capital 14%. The proposed budget operating expenses would be 46%, personnel 27% and capital 27%.

Mr. Carter summarized the cash flow analyses that were audited numbers through the end of 12/13. Over time the General Fund expenditures have decreased and the revenues have increased. Fines collected as a result of citations issued by the Police Department have increased $30,000 and more aggressive enforcement of business license taxation is the second most important source of income in the General Fund. The Electric Fund transfers $1.4 to the General Fund, and Hospitality Tax Fund transfers $108,000. The Stormwater and Waste Management funds operate on minimums; in some cases expenditures are greater than the revenues. The General Fund assists in paying those expenses.

Act 388 was enacted in 2006 which imposed limitations on tax increases. In 2011 the South Carolina general assembly approved Act 57 that included certain exceptions to the millage cap: 1) make up a deficit from the preceding year, 2) pay for any catastrophic event, 3) comply with court order, 4) loss of 10% or more of property taxes due to taxpayer closure, 5) comply with state or federal mandate, 6) purchase of property near a military base and 7) purchase equipment in county with 100,000+ population and 40,000+ acres of state forest land. Act 57 also allows a 'millage bank' or 'millage look back.' This will allow a political subdivision to impose millage increases allowed but not imposed for the three preceding property tax years, in addition to the current year. The millage may be used to pay bonded indebtedness, pay for real property with a lease-purchase agreement and maintain a reserve account. In 2010 there was a property reassessment which lowered the property values in the City resulting in loss tax value; however, the City elected not to increase the millage rate. Mr. Carter said it cost the City an estimated $450,000. The School District and the County voted to raise taxes. He told Council Act 57 allows them the option to increase the millage up to 17.08 % if they do not want to repeatedly rely on the fund balance.

The proposed budget includes $1.5 million for construction of Fire Station 2 at the Municipal Complex South and reserving $900,000 for foundation repairs at Fire Station 1 and City Hall. A loan amortization schedule for these projects was provided. The Administrator and Finance Director do not think a debt service payment ($255,000) will be due in 14/15; therefore, it is not included in the proposed budget.

Mr. Carter reviewed the Accommodations Tax and Hospitality Tax budgets. Included were expenses for: second year agreement with Friends of Kaminski House for a management contract for the Kaminski House and Stewart-Parker House, tourism, East Bay and other park enhancements, Broad Street streetscape, pedestrian trail, Ben Cooper Park Phase 2, July 4th fireworks, Christmas street decorations, movies in the park, public restroom cleaning, wayfinding signage maintenance, abandoned boat removal in Sampit River, non-profit promotions and transfers to the General Fund.

Mr. Carter said there is a proposed 28% increase in the medical insurance premiums. Staff is looking to secure the services of an individual to negotiate or change our plan. At the next meeting he is going to propose an application to the State employee insurance plan. Over the last few years the employee's contribution to the health plan has been constant. Council Member Barber said when we look at this we need to make sure that the employees with the lower salaries don't lose any income. Mr. Carter said if two people are doing the same job, one has individual coverage and the other has family coverage, in the big scheme the City is compensating the employee with family coverage much more. He indicated it may be time to take a look at this and consider transition to employee paid only. Council Member Smalls expressed concern of the affect this would have on employees whose salaries are on the lower end of the totem pole. Mr. Barber stated the employees did a good job saving the City money on the Worker's Compensation premiums. He said there is a delicate balance between morale and what you're asking from employees…they are saving you money on one hand. As an employer we have to bear the cost because productivity overrides the cost of the benefit we are incurring. Council Member Kimbrough said health care is one of the biggest issues facing Americans today. He agrees with Mr. Barber adding this is a benefit that we should be honored to give our City employees, we will figure out a way to pay the cost. Council Member Bradley said we want to ensure this does not hurt the employee's paycheck at the end of the day.

Mr. Carter noted the employee's retirement contribution will increase .5 percent. This is included in the budget as an increase to salaries. No tax increase is included in the budget.

City Council was presented a proposed 2014/2015 Budget workbook. Mr. Carter said he and Mrs. Bivens are available to meet with City Council individually to discuss any questions concerning the budget.

Mr. Carter thanked Ms. Eliza Jagger from the Finance Department for her work on the graphics presented.

Mayor Scoville encouraged Council to review the budget very carefully and contact Mr. Carter and Mrs. Bivens to clarify any questions or offer suggestions.

4. ADJOURNMENT

Mayor Scoville adjourned the budget workshop at 5:00 PM.

Ann U. Mercer
City Clerk

Date Approved: 05/15/14